



**Economic Development Proposal**  
**The Advisory Board Company**  
**June 2011**

# + Economic Development Proposal

- The purpose of today's briefing is to present the following:
  - A background of the economic development proposal and timeline for future City Council meetings
  - An overview of The Advisory Board Company
  - A review of the economic development matrix criteria and score
  - A summary of the WebLOCI fiscal impact analysis
  - A compilation of the overall benefits from this economic development proposal
  - A review of the proposed economic development agreement

# + Background

## What is being considered and when?

- A proposed economic development agreement between the City of Austin and The Advisory Board Company to establish a software center, create jobs, and make investments in Austin.
- The economic development proposal is being presented over two City Council meetings:
  - June 14, 2011 – At a special-called City Council meeting, EGRSO will provide a briefing on the economic development proposal to the City Council and the public.
  - June 23, 2011 – At a regularly scheduled City Council meeting, the economic development proposal will be placed on the City Council meeting agenda as a public hearing item and action item.

# + The Advisory Board Company

## Company overview

- Publicly traded company founded in 1979.
- Company is headquartered in Washington, D.C.
- The company provides best practice research and analysis, business intelligence and software tools, along with installation support , management and advisory services to the healthcare and education industries.
- The company employs approximately 1,399 and serves more than 2,800 leading healthcare and higher education organizations .

# + Economic Development Proposal

## What criteria and analysis were used?

- Economic Development Matrix as approved by City Council
  - The matrix is a scoring tool that assesses firms using the following five categories of criteria:
    - Overall economic and fiscal impact
    - Linkages to the local economy
    - Infrastructure impact
    - Character of jobs and labor force practices
    - Quality of life and cultural vitality
- WebLOCI fiscal impact analysis as approved by City Council
  - WebLOCI is a tool that over 300 chambers of commerce and local governments use to determine the fiscal impact of an economic development project.
  - Developed in 1999 by Georgia Institute of Technology

# + Economic Development Matrix

What is the score for this project?

- The Advisory Board scored 80 out of 100
- The score is reflective of the following:
  - The Advisory Board will expand its Austin presence by creating a software center in Austin.
  - The Advisory Board will create 239 new jobs in Austin over the next 5 years while retaining the existing 91 Austin based employees.
  - The Advisory Board offers a comprehensive benefits package including health insurance, domestic partner benefits, and tuition reimbursement for its employees.

# + WebLOCI Fiscal Impact Analysis

The financial benefits and costs of this project

- The fiscal impact analysis represents only direct benefits and costs as a result of the project and jobs created.
- Total direct benefits over a 10-year period = \$6.5 million
- Total costs over a 10-year period = \$5.1 million \*
- Total net benefit ( $\$6.5 - \$5.1$ ) = \$1.4 million (rounded)

\* This cost figure is net cost which includes a performance-based economic development grant estimated at \$372,590

# + Overall Benefits

What does this economic development proposal offer?

- The City of Austin targets the recruitment of technology and software companies such as The Advisory Board
- 239 new full-time jobs created in Austin
- \$8.1 million company investment in leasehold improvements
- Positive financial benefit to the City according to WebLOCI
- Employees are offered health insurance benefits, tuition reimbursement, career paths, above-average wages, and other benefits
- Company will locate in the Desired Development Zone and adhere to the City's water quality regulations

# + Economic Development Agreement

What are the contractual obligations?

## The Advisory Board – Performance Obligations

- Establish a software center in Austin.
- Invest \$8.1 million in leasehold improvements.
- Create and maintain 239 new full-time jobs in Austin with an average annual wage of \$90,000 while retaining the existing the company's existing 91 full-time employees in Austin.
- Work with local minority chambers of commerce to expand pool of diverse candidates in employment recruitment efforts.
- Abide by a supplier diversity policy.
- Comply with the standards and principles of the City's ordinance for minority-owned and women-owned business enterprises ("M/WBE Program Ordinance") in the design and construction of its corporate operations center. This includes soliciting participation in the design and construction of leasehold improvements.
- Comply with all City Code regulations, including applicable water quality regulations

# + Economic Development Agreement

What are the contractual obligations?

## City of Austin – Performance Obligations

- Years 1-10: Provide performance-based economic development grants based on the number of jobs created annually, for an estimated total of \$372,590.
- The grant is calculated at \$190 per year for each full-time job created and retained during years 1 – 10.
- The grant shall not exceed \$372,590 for the duration of this Agreement.
- The City is not obligated to make a grant payment for any year in which the City has determined that The Advisory Board has failed to fulfill an obligation or condition applicable to the company.

## + Next Steps



- Today – Set the public hearing for the June 23<sup>rd</sup> City Council meeting so that the public can comment on the proposed Economic Development agreement between The Advisory Board and the City of Austin.
- June 20<sup>th</sup> – Online public comments will be transmitted to City Council.
- June 23<sup>rd</sup> – A public hearing will be conducted followed by a City Council vote.